

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Table of Contents

Overview.....	3
Introduction.....	3
Policy	3
Non-Routine Purchasing.....	3
Routine Purchasing.....	3
Small Purchases Charge Card.....	3
Use of EDI for Repayment	3
Definitions.....	4
Change Fund	4
Imprest	4
Petty Cash Fund	4
Petty Cash Fund Cashier or Custodian	4
How to Establish a Petty Cash Fund.....	5
Code of Virginia Authority.....	5
Send a Request to DOA	5
How to Increase a Petty Cash Fund	6
Make a Request to DOA.....	6
Attach Documentation	6
Notification	6
How to Reduce or Dissolve a Petty Cash Fund	7
Periodic Reviews	7
Reducing the Fund	7
Dissolving the Fund	7
How to Properly Utilize Cash Funds	8
Introduction.....	8
Fund Uses.....	8
Approved Exceptions.....	9
Maintain Documentation	10
Petty Cash Restrictions & Exceptions	10
Immediate Payments to Vendors	11
Sample Form: Sales and Use Tax Certificate of Exemption (ST-12).....	12
Petty Cash & Travel Advances.....	13
Permanent Travel Advances	13
Permanent Travel Advance Request Form	14
Sample Form: Permanent Travel Advance Request	15
Temporary Travel Advances.....	16
Sample Exhibit: Temporary Travel Advance Request	17
Travel Reimbursement.....	18
Emergency Pay Checks.....	18
Maintenance of Change Funds.....	19
Cashing Checks from Petty Cash Funds.....	19

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Bad Checks	19
Year-End Requirements.....	21
How to Prepare a Petty Cash Reimbursement Voucher (Form DA-02-040).....	22
Introduction.....	22
When to Make a Request for Reimbursement	22
Completing the Petty Cash Reimbursement Form.....	22
Sample Form: Petty Cash Reimbursement Voucher	25
Sample Form: Petty Cash Reimbursement Voucher Continuation Sheet.....	26
Is Your Petty Cash Fund In Excess of \$200?	27
Financial EDI Payment System Use Required	27
Ensuring Proper Internal Control of Petty Cash Funds.....	27
Introduction.....	28
Separation of Duties.....	28
Internal Record Design	29
Control Criteria	29
Petty Cash Checking Account Requirements	29
Check Register	31
Bad Check Status Record.....	31
Advance Payment Register	32
Required Receipts.....	32
Information Returns Reporting Requirements.....	32
Cash Frauds and Internal Control	33
Summary	33
Records Retention.....	34
Time Period.....	34
Contacts.....	34
DOA Contact	34
Taxation Contact.....	34
Subject Cross References.....	34
References.....	34

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Overview

Introduction The topic describes the accounting policies and procedures to be used in handling State Petty Cash Funds by all agencies of the Commonwealth of Virginia.

Policy

Non-Routine Purchasing A petty cash fund is established to handle

- emergency purchases or
- purchases

which must be paid for immediately.

A petty cash fund should not be used when an agency billing can be arranged and where the purchase can be paid for through the normal vendor payment process using the Department of Accounts (DOA) and the State Treasurer's established procedures.

Agency employees should be encouraged to arrange for bills/invoices to be submitted to the agency for payment, or when appropriate, to use the Commonwealth Small Purchase Charge Card.

Routine Purchasing Most payments for goods and services will be made according to the procedures established in other sections of this manual regarding purchasing requirements, vendor payments, and travel. All purchases and petty cash reimbursements must adhere to State procurement requirements.

Small Purchases Charge Card Agencies are strongly encouraged to obtain Small Purchase Charge Cards to use in lieu of petty cash. See CAPP Topic No. 20355, *Purchasing Charge Card*.

Use of EDI for Repayment All petty cash funds in excess of \$200 must be reimbursed through the Commonwealth of Virginia's Financial EDI Program.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Definitions

Change Fund A specific amount of money placed in the custody of an individual. These funds are to be used to make change for services rendered by an agency.

Imprest A specific amount established for a monetary fund and placed in the custody of a petty cash fund cashier who is accountable for that precise sum. The combination of cash, paid petty cash receipts, receipts for advances, and unpaid reimbursement vouchers must equal the total amount of the fund at all times.

Petty Cash Fund An imprest fund established through an advance of funds by the Comptroller to a State agency for making immediate cash payments for authorized purposes. The petty cash fund is replenished periodically by submitting to DOA a Petty Cash Reimbursement Voucher and receipts to support the disbursements made from the fund.

Petty Cash Fund Cashier or Custodian A State employee who is designated as an agent of the agency head and is responsible for the petty cash fund. The cashier or custodian is authorized to disburse petty cash and sign checks.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Establish a Petty Cash Fund

Code of Virginia Authority

The authority to establish petty cash funds is in the *Code of Virginia*, § 2.2-1824 as follows:

A reasonable petty cash, payroll or other imprest fund may be allowed each state department, institution, board, commission or other agency. The amount of such fund shall be fixed by the Comptroller in each case, but these funds shall be reimbursed only upon vouchers audited by the Comptroller.

Send a Request to DOA

To establish a petty cash fund, a request signed by the Agency Head or Fiscal Officer should be made to the Assistant Director, General Accounting, at DOA.

The agency must submit a properly completed accounting voucher; form DA-20-250, with appropriate transaction codes. The document must be batched with a batch header. The State Comptroller will review the request, and if approved establish the petty cash fund.

The request should answer the following ten questions:

No.	Question
1	What amount of petty cash is needed?
2	For what purposes and their frequency will expenditures be made from the fund?
3	What is the amount and purpose of the largest single payment that you will authorize from the fund?
4	What will be the advantage of your agency having a petty cash fund?
5	What will be the sources of receipts into the fund?
6	Who will be the cashier or custodian of the fund?
7	Will a checking account be utilized? If a bank will not be used for all or part of the fund, what security measures will agencies implement to safeguard these funds?
8	Who will be authorized to sign checks?
9	Who will review and approve the disbursements and reimbursement vouchers?
10	What other comments or information are pertinent for the establishment of the fund?

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Increase a Petty Cash Fund

Make a Request to DOA

To increase a petty cash fund, a request signed by the Agency Head or Fiscal Officer must be made to the Assistant Director, General Accounting at DOA. The request should include the purpose of and sufficient justification for the increase.

Attach Documentation

The following documentation needs to be included with a request to increase the Petty Cash fund amount:

- A completed *Batch Header*, Form DA-02-176, and an *Accounting Voucher*, Form DA-20-250, with the appropriate transaction codes, must accompany the request. Do not key this batch into CARS;
- A memorandum including the purpose and sufficient justification for the increase;
- Copies of each Petty Cash Reimbursement Voucher submitted to DOA for reimbursement for the past six months to show supporting evidence of the need for the increased fund level; and,
- A schedule for the past six months showing balances of the petty cash fund which are not normally reimbursable, viz., change funds or permanent travel advances.

Notification

You will be notified of the approval or denial of the request. If this request is approved, DOA will submit the batch for processing.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Reduce or Dissolve a Petty Cash Fund

Periodic Reviews

DOA periodically reviews petty cash funds to ensure that funds are used for the proper purposes, only the necessary funding level is maintained in each account, and sufficient justification exists to continue to operate a petty cash fund.

Reducing the Fund

If an agency or DOA determines that the amount of the agency's petty cash fund should be reduced, the agency deposits the amount of the reduction to the credit of the Treasurer of Virginia using a Deposit Certificate or Deposit Ticket. The deposit is recorded in CARS with Transaction Code 002, GLA 103.

Dissolving the Fund

If an agency determines it no longer has sufficient justification to maintain a petty cash fund, a deposit to the credit of the Treasurer of Virginia for the full amount advanced dissolves the fund.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds

Introduction This subsection describes the authorized purposes for which disbursements may be made from petty cash and maximum dollar limits. No other disbursements shall be made from petty cash funds. Agencies may supplement these policies where appropriate. However, these policy limits shall not be exceeded.

Fund Uses Petty cash funds must not be used to circumvent the State purchasing requirements or as a substitute for the normal processing of vendor payments.

The funds are to be used only for emergency purchases or services, or for immediate payments—where goods or services will not be provided without immediate payment.

As a general rule, petty cash funds may be used to make payments for the following reasons and are limited as follows:

No.	Authorized Purpose	Comment	Dollar Limit
1	Immediate Payments to Vendors	When delayed payment (where goods or services will not be provided without immediate payment) is unacceptable. Agencies are strongly encouraged to obtain Small Purchase Charge Cards to use for immediate payments to vendors.	Not to exceed \$200 in cash/coin and \$750 by check, except in emergency situations.
2	Emergency Situation	When an <u>emergency</u> situation occurs and immediate payment is required. All purchasing requirements must be followed.	Not to exceed \$200 in cash/coin and \$3,000 by check.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

No.	Authorized Purpose	Comment	Dollar Limit
3	Travel Advances	When sufficient notice to request a travel advance through normal channels is not possible. Permanent employees who travel on a regular basis should obtain a Travel Charge Card. Permanent travel advances are strongly discouraged.	Advances for travel must not exceed \$500 and should be temporary.
4	Travel Expenses	Reimbursement for occasional travel expenses. Refer to CAPP Topic Nos. 20335, <i>State Travel Regulations</i> , and 20336, <i>Agency Travel Processing</i> , for form preparation, approval, and supporting documentation requirements.	Limited to \$100 per trip per traveler and must be supported by a Travel Expense Reimbursement voucher.
5	Change Funds	To establish change funds.	No limit established.
6	Employee's First Paycheck	Occasional emergency payments for the first paycheck to new employee—allowed only when a next workday check cannot accommodate the employee.	Amount not to exceed the calculated net pay.

Approved Exceptions

Any other type of payment, loan or advance to any person from petty cash funds is not permitted without an approved exception.

The agency head or fiscal officer must put all requests for exceptions in writing to the Director, General Accounting or for payroll related exceptions to the Director, Payroll Operations, at DOA for review and approval.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Maintain Documentation

Proper documentation must be maintained for all disbursements made from petty cash.

Any emergency situation must be documented on the reimbursement voucher.

The petty cash custodian shall have the required documentation approved by the authorized management within the agency or institution.

Petty Cash Restrictions & Exceptions

Restrictions

There are some uses of petty cash that are strictly prohibited and these are as follows:

- All expenditures for capital outlay projects;
- Contractual payments (e.g., for maintenance, service, and consultants); and,
- Installment purchases (e.g., buying an item and paying for it through a series of payments from the petty cash fund) that are in excess of the amounts listed under Fund Uses.

Exceptions

However, during an emergency situation, an exception may be requested by the Agency Head or designee from the Director, General Accounting, at DOA.

Petty cash funds may also be used for immediate payment for emergency purchases which are defined as purchases of materials, supplies, equipment, and services to meet a need requiring immediate action that will not permit the time involved in routine payment procedures.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Immediate Payments to Vendors

Petty cash funds should be reserved for small purchases usually from local vendors on a non-recurring basis for the following situations:

- (1) When vendors are reluctant to honor small purchase orders and
- (2) When provisions for delayed billing/payment arrangements by vendors are impractical.

When the petty cash fund is used for vendor purchases, it must not be used as a means of bypassing the established purchasing procedures in order to avoid State contract items or to avoid bid procedures. Centralized purchasing is mandatory under the *Code of Virginia*.

Procurement of goods and services must be done through the normal channels of purchase as directed by law and regulation. Agencies should also consult the Directives of the Director of the Department of General Services, Division of Purchases and Supply, in effect at that time. When the normal channels of purchase are used, the Commonwealth of Virginia secures a discount from the vendor, a lower price is secured through competitive bidding and no State sales tax is paid on purchases.

A *Sales and Use Tax Certificate of Exemption* Form ST-12 must be given to vendors so the agency will not have to pay sales tax on purchases from these vendors. **A sample of this form follows this subsection.** Exemption forms may be obtained from the Sales and Use Tax Division, Department of Taxation.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Sample Form: Sales and Use Tax Certificate of Exemption (ST-12)

Department of Taxation
Form ST-12

COMMONWEALTH OF VIRGINIA SALES AND USE TAX CERTIFICATE OF EXEMPTION

(For use by the Commonwealth of Virginia, a political subdivision
of the Commonwealth of Virginia, or the United States)

To: _____ Date _____, 19____

(Name of dealer)

(Number and street or rural route)

(City, town, or post office)

(State and ZIP Code)

The Virginia Retail Sales and Use Tax Act provides that the Virginia sales and use tax shall not apply to tangible personal property for use or consumption by this State, any political subdivision of this State, or the United States. (This exemption does not apply to sales or leases to privately owned financial and other privately owned corporations chartered by the United States.)

The undersigned, for and on behalf of the governmental agency named below, hereby certifies that all tangible personal property purchased or leased from the above named dealer on and after this date will be for use or consumption by a governmental agency, that each such purchase or lease will be supported by the required official purchase order, and that such tangible personal property will be paid for out of public funds: (Check proper box below.)

- 1. Tangible personal property for use or consumption by the Commonwealth of Virginia.
- 2. Tangible personal property for use or consumption by a political subdivision of the Commonwealth of Virginia.
- 3. Tangible personal property for use or consumption by the United States.

(Name of governmental agency)

(Number and street or rural route)

(City, town, or post office)

(State)

(ZIP Code)

I certify that I am authorized to sign this Certificate of Exemption and that, to the best of my knowledge and belief, it is true and correct, made in good faith, pursuant to the Virginia Retail Sales and Use Tax Act.

By _____
(Signature)

(Title)

Information for dealer.—A dealer is required to have on file only one Certificate of Exemption properly executed by the governmental agency buying or leasing tax exempt tangible personal property under this Certificate.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Petty Cash & Travel Advances

Petty cash funds will not be increased by the Comptroller to accommodate advances for travel money. Instead, temporary and permanent travel advances are available to employees who travel on official State business.

Non-decentralized agencies must submit an Accounting Voucher to DOA at least ten (10) working days prior to the departure date to ensure enough time to issue a check for the travel advance amount. Travel Charge Cards reduce the need for travel advances. Decentralized agencies should allow seven (7) working days for the processing of travel advances. CAPP Topic No. 20336, *Agency Travel Processing*, includes procedures for requesting temporary travel advances.

Permanent Travel Advances

State agencies are strongly discouraged from issuing permanent travel advances from petty cash.

However, State agencies have the authority to grant permanent advances from petty cash in limited circumstances to frequent travelers. The advances are to be paid back in to the petty cash fund when the employee ceases traveling on a regular basis or upon termination from the State agency. If the advance is not returned, the Agency Fiscal Officer shall take action to deduct the advance from the employee's paycheck.

Travel Charge Cards are a more prudent method of advancing the funds travelers need as State funds are not tied up on a long-term basis.

See CAPP Topic No. 20360, *Travel Charge Card*.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Permanent Travel Advance Request Form

The information provided on a *Permanent Travel Advance Request*, if other alternatives are not feasible, should minimally include:

- Request date
- Amount of request
- Signatures of the requestor and approving official

When the advance check is issued, the following information should be recorded:

- Date issued
- Name of issuing individual
- Check amount
- Check date
- Check number
- Check recipient

Repayment should be recorded to include:

- Date of receipt
- Amount
- Type of payment
- Receiving individual

A sample request form follows. Each agency is encouraged to develop and use a form that satisfies its specific needs.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Sample Form: Permanent Travel Advance Request

PERMANENT TRAVEL ADVANCE REQUEST

REQUESTOR _____

REQUEST DATE _____

AMOUNT OF REQUEST _____

The permanent travel advance requested is for travel expenses to be incurred on a continuing basis. I will promptly file vouchers for reimbursement of travel expenses in order to maintain these funds. I will repay the advance when extensive travel is no longer required on before I leave the employ of the State. I understand and agree that this advance may be deducted from my salary check if I fail to make repayment.

Signature of Requestor

Approved by Supervisor or Dept. Head

Signature of Fiscal Officer

=====

ADVANCE PAYMENT

Date Travel Advance Issued: _____ Check Date: _____

Check Amount: \$ _____ Check Number: _____

Travel Advance Issued By: _____

Travel Advance Received By: _____
(Signature)

=====

ADVANCE REPAYMENT

Date Repayment Received: _____

Amount: \$ _____ Cash Check

Fiscal Officer or Petty Cashier

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Temporary Travel Advances

A temporary travel advance may be made from petty cash funds to an employee traveling on State business. Non-decentralized agencies should submit temporary travel advances to DOA at least 10 working days prior to the departure date. Decentralized agencies should allow seven (7) working days for processing.

The employee shall repay the advance when he is reimbursed for the actual expenses incurred and in all cases not more than 60 days after receipt of the advance. Accounting for the repayment of a temporary travel advance is discussed in CAPP Topic No. 20336, *Agency Travel Processing*.

The information provided in a *Temporary Travel Advance Request* should minimally include:

- Request date,
- Amount,
- Area and destination of travel,
- Inclusive dates,
- Purpose of travel, and
- Signatures of the requesting individual and approving official.

Issue and repayment information is the same as for the *Permanent Travel Advance* above.

The following exhibit is a suggested form for a temporary travel advance request. Each agency is encouraged to develop and use a form that satisfies its specific needs.

Volume No. 1 - Policies & Procedures	TOPIC NO. 20330
Function No. 20000 - General Accounting	TOPIC PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE December 2008

Sample Exhibit: Temporary Travel Advance Request

**DEPARTMENT OF ACCOUNTS
REQUEST FOR TRAVEL AUTHORIZATION/ADVANCE**

PART A - GENERAL INFORMATION

EMPLOYEE NAME	SOCIAL SECURITY NO.	DATE
DEPARTMENT		TELEPHONE NO.
CHECK REASON FOR TRAVEL <input type="checkbox"/> State Business <input type="checkbox"/> Conference/Convention <input type="checkbox"/> Staff Training <input type="checkbox"/> Other	EXPLAIN REASON FOR TRAVEL (include destination)	

PART B - TRAVEL DESCRIPTION

CHECK		DEPARTURE			ARRIVAL			ESTIMATED COST	
AIR	RAIL	CITY	DATE	TIME	CITY	DATE	TIME		
				— AM — PM			— AM — PM		
				— AM — PM			— AM — PM		
				— AM — PM			— AM — PM		
HOTEL ▷		Name _____	Dates Needed _____		Total Number of Nights _____		<input type="checkbox"/> Single <input type="checkbox"/> Twin		
CAR RENTAL ▷		City _____	<input type="checkbox"/> Downtown <input type="checkbox"/> Airport		Dates Needed _____		Total Number of Days _____		
TYPE ▷		FULL-MID-COMPACT _____			PICKUP POINT _____		DROP-OFF POINT _____		
OTHER:								TOTAL ▷	

APPROVED:

Signature of Traveler

Supervisor

Assistant Comptroller
or Director

Comptroller

ADVANCE REQUIRED IN AMOUNT OF \$ _____

I agree to repay the advance as soon as I have been reimbursed for the actual expenses incurred. I understand and agree that this advance may be deducted from my salary paycheck if I fail to make prompt repayment.

PAYMENT RECEIVED:

Signature of Traveler

Date: _____ Amount: \$ _____ Check No. _____

Payment Received By: _____

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Travel Reimbursement

Petty cash funds may be used to reimburse an employee for approved travel expenses incurred up to \$100 per trip per traveler.

All travel expenditure reimbursements, whether from petty cash or those processed by DOA, must be made using the *Travel Reimbursement Voucher*, Form DA-02-041.

Signature approval and supporting documentation requirements on the form must be in accordance with instructions included in CAPP Topic No. 20335, *State Travel Regulations*.

Emergency Pay Checks

Emergency payroll payments may be made to new permanent employees and weekly, daily, part-time or temporary employees. Each category is discussed below.

For New Permanent Employees

Agencies are discouraged from making salary payments to new employees out of petty cash because procedures are available for adding permanent employees to the agency payroll without delay. In an emergency, the agency head has the authority to provide a payroll payment up to the amount of the new employee's first net paycheck, or up to the maximum available in the petty cash fund. The payroll payment must be repaid when the employee receives his/her first salary check.

For Administrative Delays

Where an administrative delay occurs due to late notification of VSDP approval or a release of a court ordered withholding **and** there is insufficient time to accommodate such payment through the payroll system, petty cash can be used to make whole the employee's net pay. Petty cash is **not** to be used for lost or stolen checks as the employee has the option to enroll in direct deposit or debit card.

For Weekly, Daily, Part-time or Temporary Employees

A limited number of State agencies have been granted petty cash funds for the specific purpose of issuing payment of wages for weekly, daily, part-time, or temporary employees. Any such use must have the written approval of the Director, General Accounting, in DOA.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Maintenance of Change Funds

- Change funds are only to be used where necessary and required.
- The number of change funds may vary with the number of cash registers or with the number of locations at which cash sales are made or collections are made on account.
- Change funds should require no replenishment.
- The amount of each change fund remains constant and that amount is withheld at the close of each day from the total cash accumulated in the register or drawer.

Cashing Checks from Petty Cash Funds

As a general rule the practice of cashing checks out of petty cash funds for any reason and by any person is not permitted.

However, the agency head or fiscal officer may request an exemption by submitting a written request to the Assistant Director, General Accounting in DOA, for review and approval.

Checks that may be cashed must be presented to a bank for payment promptly and the cash returned to the petty cash fund.

Bad Checks

Bad checks are those that have been received by a State agency and deposited to a State bank account and later have been rejected by the bank for such reasons as—

- Insufficient funds
- Stopped payment
- No account
- Account closed

There are two ways to purchase and acquire bad checks from the bank as follows:

1. Petty Cash
2. Process an accounting voucher (Form DA-20-250) through DOA and obtain a check payable to the bank.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

When coding Form DA-20-250 to obtain a check to acquire bad checks from the bank, the Vendor Indicator field should be coded with

- the letter **O**,
- the bank's employer identification number and
- an appropriate suffix.

Bad checks should be charged back immediately to the person from whom received or, if it is found that the reason for nonpayment has been eliminated, should be re-deposited without delay.

When cash is collected from the maker of a bad check, which was originally purchased back from the bank with petty cash funds, deposit the cash into the petty cash fund to replenish the fund. Each agency should take action to collect on bad checks using its own internal resources. (See CAPP Topic No. 20505, *Accounts Receivable*)

Each agency should use all leverage and recourse actions it has available if the check is not made good. After reasonable efforts to collect from the party who wrote the bad check have failed, and if petty cash funds were used, a Revenue Refund Voucher, Form DA-02-181 (see CAPP Topic No. 20325, Revenue Refunds) may be submitted to reimburse the petty cash fund for the "written off" bad checks. The original bad check must be attached to the Revenue Refund Voucher. When coding Revenue Refund Vouchers for bad checks, be sure they are coded consistently with the original deposit. The Revenue Refund Voucher must be made payable to the agency petty cash fund.

Even after bad checks have been "written off" and petty cash has been reimbursed, each agency should continue efforts to collect from the one who wrote the check. When a recovery is made on a "written off" bad check, be sure to credit the same account that was debited when the bad check was written off. Refer to the Transaction Code Decision Table (see CAPP Topic No. 60103, *Transaction Codes*) for the transaction codes to properly record the purchase, write off and collection of bad checks.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Properly Utilize Petty Cash Funds, Continued

Year-End Requirements

At every fiscal year-end all agencies with outstanding petty cash fund advances from DOA are asked to confirm the amount advanced. Petty cash must be accounted for as of the close of business June 30th of each fiscal year.

Petty cash fund confirmation documents are subject to change periodically. Refer to DOA's special Year-End Closing Procedures which are issued in May of each year for specific information concerning the Petty Cash Confirmation document for certification and reconciliation procedures.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Prepare a Petty Cash Reimbursement Voucher (Form DA-02-040)

Introduction The *Petty Cash Reimbursement Voucher* will be used by all State agencies to obtain expenditure reimbursements to the Petty Cash Fund.

Acceptable receipts are used to prepare the *Petty Cash Reimbursement Voucher* to document the expenses incurred.

Recovered "bad checks" will be reimbursed by using the *Revenue Refund Voucher*, Form DA-02-181.

When to Make a Request for Reimbursement The following "If-Then" table describes when to make a Petty Cash reimbursement request.

If reimbursement is . . .	Then request reimbursement on the <i>Petty Cash Reimbursement Voucher</i> at least . . .
\$25 or more	Once per month.
Less than \$25	Quarterly and always at the end of the fiscal year (June 30).

Receipts must be obtained for all disbursements and accompany the reimbursement voucher.

Completing the Petty Cash Reimbursement Form The following explains general requirements and detailed instructions for completing the *Petty Cash Reimbursement Voucher*, (Form DA-02-040).

A SAMPLE FORM FOLLOWS THESE INSTRUCTIONS TO CROSS REFERENCE TO THE ITEM NO AND FIELD NAME.

Item No.	Form Field Name	Agency Information Section
1	AGENCY	Code number and name of Agency
2	PERIOD COVERED	Month, day, and year of beginning (From) and end (To) of the period covered by this voucher.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Prepare a Petty Cash Reimbursement Voucher (Form DA-02-040), Continued

Item No.	Form Field Name	Agency Information Section
3	AGENCY NAME <u>NOTE</u> If your Petty Cash Reimbursements are deposited in your account via Financial EDI, the agency name and not the Petty Cash Custodian's name should appear in this section.	Name of the agency Enter the agency name in one of two ways: <ol style="list-style-type: none"> 1. Key the name and title onto the voucher 2. To retrieve necessary information associated with the Agency from the CARS Vendor Edit table, enter— <ul style="list-style-type: none"> ▪ a vendor indicator of T, ▪ agency vendor ID number, and ▪ a 2-digit vendor suffix .
4	ADDRESS	Agency business address of the Petty Cashier/ Custodian. See CAPP Topic No. 20310, <i>Expenditures</i> , for detailed requirements on entering name and address.
5	TAXPAYER IDENTIFICATION NUMBER	Taxpayer ID Number of the agency directly under the MAKE CHECK PAYABLE TO block.

Item No.	Form Field Name	Reconciliation Section
6	BALANCE PER LAST REPORT	Dollar amount shown in Item 10 on last report
7	REIMBURSEMENT LAST REPORT	Dollar amount shown in Item 9 on last report
8	TOTAL	Add Items 6 and 7 together
9	AMOUNT CLAIMED ON THIS VOUCHER	Total appearing in AMOUNT CERTIFIED FOR PAYMENT (Item 14)
10	BALANCE IN BANK OR ON HAND	Subtract Item 9 from Item 8 and enter difference here. This should equal your actual cash in the bank and on hand plus any outstanding advances.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

How to Prepare a Petty Cash Reimbursement Voucher (Form DA-02-040), Continued

Item No.	Form Field Name	Detailed Accounting Section
11	<ul style="list-style-type: none"> • DATE OF PAYMENT • PETTY CASH CHECK NUMBER • TO WHOM PAID • AMOUNT 	<p>Enter appropriate information from petty cash check receipts in chronological order. Include all <i>voided checks</i>, but leave AMOUNT column blank for VOIDED CHECKS. Exclude advances.</p> <p><u>NOTE</u> If more space is needed, use a <i>Petty Cash Continuation Sheet</i> (Form DA-02-040A). Enter the total of the detailed amounts on each sheet in the respective SHEET TOTAL block.</p>
12	TOTAL (Sheet 1)	Total dollar amount for all items appearing in Block 11
13	TOTAL SHEETS 2-4	Total amount from each additional sheet
14	AMOUNT CERTIFIED FOR PAYMENT	Total dollar amount of all sheets (Items 12 + 13)
15	CONTINUATION SHEETS	Check the block if Expenditure Distribution Continuation Sheets are attached.

Item No.	Form Field Name	Reconciliation Section
		All five blocks in the Certification Section and at least one grid in the standard Expenditure Distribution Section must be completed. See CAPP Topic No. 20310, <i>Expenditures</i> , for detailed instructions in coding each of the information/data items.

Volume No. 1 - Policies & Procedures	TOPIC NO. 20330
Function No. 20000 - General Accounting	TOPIC PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE December 2008

Sample Form: Petty Cash Reimbursement Voucher

DA-65-648 (7-88)
COMMONWEALTH OF VIRGINIA
DEPARTMENT OF ACCOUNTS
PETTY CASH REIMBURSEMENT VOUCHER

AGENCY ①	
PERIOD COVERED FROM ②	

MAKE CHECK PAYABLE TO:

③	
④	
SSN OR FIN:	CITY ⑤ ST ZIP
VENDOR ID.	SUFFIX

RECONCILIATION OF ACCOUNT	
BALANCE PER LAST REPORT	⑥
REIMBURSEMENT LAST REPORT	⑦
TOTAL	⑧
LESS AMOUNT CLAIMED ON THIS VOUCHER	⑨
BALANCE IN BANK OR ON HAND \$	⑩

DATE OF PAYMENT	PETTY CASH CHECK NUMBER	TO WHOM PAID	AMOUNT
⑪	⑪	⑪	⑪

DEPARTMENT OF ACCOUNTS I certify that the amount listed herein is correct and proper calculations have been performed to determine the amount. Further, this refund is in compliance with applicable State regulations. Initial _____ VOUCHER NUMBER _____ DATE (MM/DD/YY) _____	TOTAL	⑫
	TOTAL SHEET 2	
	TOTAL SHEET 3	⑬
	TOTAL SHEET 4	
	AMOUNT CERTIFIED FOR PAYMENT	⑭

TRANS	AGENCY	GLA	FUND		FFY	PROGRAM			OBJECT	REVENUE SOURCE	AMOUNT	PROJECT		
			FUND	DET		PROG	SUB	ELE				PROJECT	TK	PH
COST CODE	FIPS	PSD	AGENCY REFERENCE			DATE	INVOICE NUMBER	DUE DATE	MM	DD	YY	REFERENCE DOC NUMBER	5x	✓
DESCRIPTION						CURRENT DOCUMENT NUMBER	SX	SUBSIDIARY ACCOUNT	MULTI-PURPOSE	CHECK IF EXPENDITURE DISTRIBUTION CONTINUATION SHEETS ARE ATTACHED ⑮				

ORIGINAL

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Sample Form: Petty Cash Reimbursement Voucher Continuation Sheet

DA-99-0001 (7-08)

Sheet No. _____

COMMONWEALTH OF VIRGINIA
Department of Accounts
PETTY CASH REIMBURSEMENT VOUCHER
CONTINUATION OF CHECK OR TRANSACTION LISTINGS.

AGENCY	①
PERIOD COVERED	
FROM	②
	to

Voucher No. _____

DATE OF PAYMENT	PETTY CASH CHECK NO.	TO WHOM PAID	AMOUNT
⑪	⑪	⑪	⑪
TOTAL SHEET			⑬

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Is Your Petty Cash Fund In Excess of \$200?

**Financial EDI
Payment
System Use
Required**

Agencies having petty cash funds in excess of \$200 are required to process petty cash reimbursements through the Commonwealth of Virginia's Financial EDI payment system. Transmitting payment and payment related information saves both the agency and the Commonwealth the administrative cost of processing and receiving paper checks.

Agencies are responsible for:

- Completing and submitting a Trading Partner Notification of Change Form (available on the EDI page at www.doa.virginia.gov) to DOA when banking or agency information related to petty cash changes.
 - Notifying DOA staff when petty cash is discontinued and requesting the EDI account be deleted. An e-mail can be sent to edi@doa.virginia.gov.
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Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Ensuring Proper Internal Control of Petty Cash Funds

Introduction The agency fiscal officer has the authority to require the use of any forms and procedures considered necessary for proper internal control of petty cash funds.

Separation of Duties The agency must adhere to the following internal controls at a minimum—

There shall be at least two people handling petty cash:

- A cashier or custodian who is primarily responsible for the petty cash funds, signs checks, and disburses the actual cash; and,
- An authorized official or employee who reviews and approves payments and disbursement vouchers, but does not have the authority to sign checks or disburse actual cash.

The safeguard benefits of an internal control system can be obtained by a separation of duties so that no one person has solitary control of cash received and/or disbursed out of the petty cash fund.

Therefore, if practical and feasible, the reconciliation of the monthly petty cash bank statement shall be performed by someone who does not sign checks or approve payments. If it is not feasible to have both a custodian and an approving official, the agency head or fiscal officer must document all exceptions in writing and send them to the State Comptroller for review and approval.

The bank statement should be delivered to the person responsible for reconciliation directly from the bank, unopened, and should remain in his sole control until the reconciliation has been completed.

Additionally, if the payments under review by the authorized official or employee mentioned above include reimbursements to the person conducting the review, then another authorized official or employee should be designated to review and approve the payment voucher. However, the alternative reviewer does not have the authority to sign checks or disburse actual cash.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Ensuring Proper Internal Control of Petty Cash Funds,

Continued

Internal Record Design Each agency should design and use forms that satisfy the specific requirements of the agency's particular circumstances. The agency's volume and use of machines and computers will be prime factors in developing forms and procedures.

Control Criteria The following provides criteria for establishing adequate control over cash disbursements. Adherence to these guidelines does not totally fulfill an agency's responsibilities in adequately maintaining internal control over petty cash. Each agency must maintain additional controls to fit its circumstances.

Petty Cash Checking Account Requirements **Agencies with petty cash in excess of \$200.00 must have a petty cash checking account.**

AUTHORITY

The agency head or fiscal officer has the authority to open and establish a local checking account for petty cash funds.

INTEREST-BEARING CHECKING ACCOUNT

If feasible, the checking account should be interest bearing. The interest bearing accounts offered by different financial institutions vary. Generally, differences relate to a combination of minimum balance requirements, frequency of use, costs of services and/or checks, and interest rates offered.

If the agency's cost/benefit analysis of these factors justifies establishing an interest bearing account for petty cash funds, interest earned on the account should be deposited as interest earned to the State Treasurer of Virginia quarterly. (Record to the agency and Fund 0100). Follow the Deposit procedures in CAPP Topic No. 20205, *Deposits*.

AGENCY NAME—NOT TREASURER OF VIRGINIA

The petty cash checking account or accounts shall be in the name of the agency, not the name of the Treasurer of Virginia.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Ensuring Proper Internal Control of Petty Cash Funds, Continued

CHECK NUMBERING & IMPRINTING

All checks must be serially pre-numbered and imprinted with

- *Petty Cash Fund*, and
- the name of the agency.

CHECK SIGNING & RECORDATION

Checks should be signed only on presentation of satisfactory documentary evidence that the disbursement is proper. A record must be made of every check disbursement.

BANK SERVICE CHARGES

Bank service charges and other bank related expenses should be submitted on Petty Cash Reimbursement Vouchers.

DEPOSITS

Checks paid in to the petty cash fund must be properly endorsed following the procedures prescribed by the Treasurer of Virginia. (See CAPP Topic No. 20205, *Deposits*.)

OUTSTANDING PETTY CASH CHECKS

Outstanding Petty Cash checks over one (1) year old are considered abandoned and therefore subject to the Unclaimed Property Act (§ 55-210.9 Code of Virginia). Questions regarding the reporting of these items should be submitted to the Division of Unclaimed Property, Department of Treasury.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Ensuring Proper Internal Control of Petty Cash Funds,

Continued

Check Register Each agency must account for every check issued in a check register. The record must show the date issued, the check number, the name of the payee and the amount disbursed. The account to be charged must also be recorded.

When the monthly bank statement is received, the record must be marked to indicate which checks have been paid by the bank.

Cancelled or carbon copies of checks and bank statements must be kept on file for audit by internal auditors and the Auditor of Public Accounts.

Spoiled checks will be marked "VOID" and the signature line obliterated or mutilated.

Voided checks will be filed in numerical sequence with cancelled checks.

The check register may be headed:

DATE ISSUED	CHECK NO.	PAYEE	AMOUNT	ACCOUNT	CLEARED BANK
------------------------	------------------	--------------	---------------	----------------	-------------------------

Bad Check Status Record A record must be made of every bad check (checks rejected by the bank) in a listing or register. The record must show the check date, name of maker, amount and status of collection.

The headings on the "Bad Checks" record may be:

CHECK DATE	NAME OF MAKER	AMOUNT	STATUS OF COLLECTION
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An alternative method of recording bad checks would be to make a photocopy of every bad check. The status of collection and ultimate disposition may be written on the photocopy.

Continued on next page

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Ensuring Proper Internal Control of Petty Cash Funds,

Continued

Advance Payment Register

A record must be made of every advance in a listing or register. This record is used in balancing the petty cash fund to the total imprest amount.

The record must show the type of advance (temporary travel, permanent travel advance, salary, etc.), the date issued, name of payee, amount disbursed and the date the advance was repaid.

The different types of advances should be recorded on separate pages with the following headings:

TYPE OF ADVANCE	DATE ISSUED	PAYEE	AMOUNT	DATE REPAID
----------------------------	--------------------	--------------	---------------	--------------------

An alternative method of recording advances would be to make a copy of the form requesting the advance. The request form should have spaces to record the payment and repayment information.

Required Receipts

Receipts for all disbursements should be obtained and accompany the request for reimbursement.

An acceptable receipt would be the vendor's sales document, such as the original invoice, sales slip or cash register ticket, all of which itemize and identify the items or services purchased, the date, and the amount paid.

If the disbursement was made in cash, the sales document should be signed by the vendor or his agent to acknowledge receipt of payment.

Information Returns Reporting Requirements

Payments made to vendors using petty cash funds may be subject to 1099 reporting.

The agency is responsible for establishing procedures to ensure that such payments are accumulated with other reportable payments which are paid through the agency's normal payment process.

Payments that meet or exceed the IRS dollar reporting thresholds must be reported on an Information Return at calendar year-end. (Refer to CAPP Topic No. 20320, *Information Returns Reporting*)

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Ensuring Proper Internal Control of Petty Cash Funds,

Continued

Cash Frauds and Internal Control

The Agency Fiscal Officer and his agents must be on the alert to detect shortages or irregularities in petty cash or local funds should any exist.

The following list should be considered as a reminder of some of the various types of irregularities that may be encountered. Review the following sample listing and ensure that the necessary controls are established to guard against any type of shortage.

Item	Types of Irregularities
1	Overstating totals of vouchers in petty cash reimbursements.
2	Two payments for the same voucher — one in petty cash and one in regular invoice disbursements.
3	False vouchers or receipts for postage, supplies and other expenditures.
4	Checks included in petty cash change fund on hand with no intention of depositing in the bank.
5	Vouchers, once properly reimbursed, used to support a second reimbursement.
6	Withholding recoveries on charged-off bad checks.
7	Checks drawn in payment of personal expenses charged to business expense.
8	Failure to properly record overpayments on accounts.
9	Padding Payrolls - fictitious names or former employees' names.
10	Failure to deduct absent time of employees in figuring payroll.

Summary

A sound and well-executed plan of internal control reduces shortages and irregularities.

On the other hand, inadequate controls are an open invitation to employees to convert the State's cash to their own use. For this reason, the agency fiscal officer and his agents should develop and require any procedures needed for good control in their specific and particular circumstances.

Volume No. 1 - Policies & Procedures	TOPIC NO.	20330
Function No. 20000 - General Accounting	TOPIC	PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE	December 2008

Records Retention

Time Period Copies of Petty Cash Reimbursement Vouchers and documentation are to be maintained on file in each agency for 3 years. Agencies and institutions participating in Decentralization of Financial Records must maintain original Petty Cash Reimbursement Vouchers and documentation for a period of 5 years.

Contacts

DOA Contact Director, General Accounting
 ☎ (804) 225-2244
 FAX (804) 225-4250
 ✉ gacct@doa.virginia.gov

Director, Payroll Operations
 ☎ (804) 225-2245
 FAX (804) 225-3499
 ✉ payroll@doa.virginia.gov

Taxation Contact Customer Service
 Sales & Use Tax
 ☎ (804) 367-8037

Subject Cross References

References CAPP Topic No. 20205, *Deposits*
 CAPP Topic No. 20310, *Expenditures*
 CAPP Topic No. 20320, *Information Returns Reporting*
 CAPP Topic No. 20325, *Revenue Refunds*
 CAPP Topic No. 20335, *State Travel Regulation*
 CAPP Topic No. 20336, *Agency Travel Processing*
 CAPP Topic No. 20505, *Accounts Receivable*
 CAPP Topic No. 60103, *Transaction Codes*
 CAPP Topic No. 60111, *Vendor Edit Table*
 CAPP Topic No. 20355, *Purchasing Charge Card*
